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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 25, 2018

Kent Hoffman
Deputy State Director, Minerals and Lands
Bureau of Land Management
440 West 200 South, Suite 500
Salt Lake City, Utah 84101

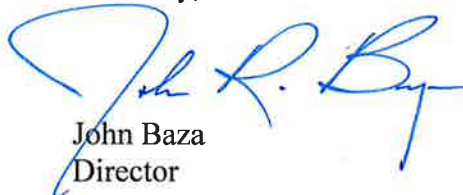
Subject: Royalty Rate Reduction for portions of Federal Leases UTU-044076, UTU-0147570 and UTU-77114, Skyline Mine, Canyon Fuel Company, LLC, C/007/0005

Dear Mr. Hoffman:

I have reviewed Canyon Fuel Company, LLC's application for a Royalty Rate Reduction for portions of Federal Leases UTU-044076, UTU-0147570 and UTU-77114 at the Skyline Mine, and other pertinent documents you supplied. I find the request to be reasonable in light of the geologic and engineering challenges to be encountered in mining the remaining panels in these leases. The fact that this coal would likely not be mined without the RRR means that the state will have a net benefit from this panel, even at the reduced rate. I offer Utah's support in favor of the BLM's proposed action approving the Royalty Rate Reduction.

If you have any questions regarding this matter, please contact Dana Dean at 801.538.5320.

Sincerely,



John Baza
Director

JRB/DD/sqs
cc: Daron Haddock
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